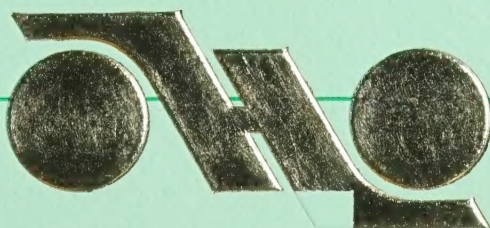



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## Dover Industries Limited

ANNUAL REPORT 1972





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## **Dover Industries Limited**

*Executive Offices: 145 MacNab St. North, Hamilton, Ontario*

### OPERATING

ROBINSON CONE COMPANY

*Hamilton, Ontario*

### SUBSIDIARY COMPANIES

CHERRY TAYLOR FLOUR MILLS LIMITED

*Preston and Chatham Divisions*

HOWELL LITHO AND CARTONS LIMITED

*Burlington, Ontario*

TAYLOR GRAIN LIMITED

*Chatham, Ontario*

DOVER MILLS LIMITED

*Halifax, Nova Scotia*

CAMBRO INDUSTRIES LIMITED

*Brantford, Ontario*

### DIRECTORS

Mrs. M. Campbell

J. M. Godfrey, Q.C.

J. K. Grant

D. M. Hunter

E. C. Labarge

J. R. McPhee

W. H. Pinchin

G. R. Sharwood

D. Smith

J. M. Vallance

D. H. Ward

D. H. Wigle

### OFFICERS OF THE COMPANY

Mrs. M. Campbell: *President*

J. K. Grant: *Executive Vice-President*

D. H. Wigle: *Vice-President*

D. M. Hunter: *Vice-President*

E. C. Labarge: *Vice-President*

J. R. McPhee: *Secretary-Treasurer*

### TRANSFER AGENT AND REGISTRAR

CANADA PERMANENT TRUST COMPANY

*Toronto, Ontario*



## REPORT TO THE SHAREHOLDERS

Your Directors herewith present the 32nd Annual Report and Consolidated Statements of Dover Industries Limited for the year ended December 31, 1972 and a five year Financial Summary.

### SALES

Total sales increased 4% in the past twelve months over the same period last year. All divisions except Howell recorded increases.

### EARNINGS

The consolidated net profit for the year was \$354,180 compared to \$341,300 in 1971.

Earnings were \$2.05 per Common share after provision for taxes and preferred dividends, compared to \$1.96 in 1971.

### DIVIDENDS

Dividends at the rate of 6% per annum amounting to \$61,576 was paid on Preferred shares and \$114,256. or 80¢ per share was paid on Common shares.

### WORKING CAPITAL

There was a slight decrease in working capital from \$1,166,349 to \$1,161,889 during the year.

### INVENTORIES

Inventories were up to \$5,009,766 compared to \$4,135,252 in 1971. Again, the major portion of this is wheat held in storage at The National Harbours Board Elevator in Halifax.

### CAPITAL EXPENDITURES

Capital Expenditures for the year amounted to \$359,566. The major items were new machinery for Howell Litho and the purchase of an income producing apartment building and property adjacent to the Robinson Cone plant in Hamilton. This will allow for future expansion of that company.

## OPERATIONS REVIEW

### ROBINSON-CAMBRO

In March of 1972 Cambro Industries Limited of Brantford was purchased for cash by the Robinson Cone Company. The manufacture of plastic drinking straws and cutlery was moved into the Hamilton plant in the autumn. This move and additional new plastic forming machinery incurred extra costs but will bring about increased volume and efficiency. The cone division increased sales again this year.

### HOWELL LITHO AND CARTONS

During the year the set-up box equipment was sold and while Howell profit was up from last year, the sales volume decreased from the closing of this division. Equipment for printing of paper in



roll form has been acquired and this will add to the list of products available to our customers.

#### TAYLOR GRAIN

Sales and profit increased in this unusual year of grain marketing all over the world. Very poor harvest conditions resulted in delaying some of the harvest into the new year. A new high capacity dryer will be installed at Tupperville in 1973.

#### CHERRY TAYLOR FLOUR MILLS

Sales and profits were much improved during the year in this division. High millfeed prices in the last quarter resulted in a good return on sales.

#### DOVER MILLS

Dover Mills sales and profit again exceeded our forecast. This was due to a higher return on our millfeed. Dover Mills household flours now occupy the second position in the Maritime market.

#### PERSONNEL

In June, Mr. J. K. Grant joined Dover as Executive Vice-President and Chairman, Chief Executive Officer of Howell Litho and Cartons Limited, as announced in our Interim Report. The Howell division has been reorganized and Mr. J. M. Scott was named Vice-President and General Manager. Mr. Scott has been in the packaging industry for a number of years and brings with him extensive experience in the carton field.

#### SUMMARY

All signs point to 1973 being a good year with expanding sales and a corresponding profit increase. As a Canadian owned company, our management is constantly engaged in ways and means of increasing your company's investment in the economy.

#### ANNUAL MEETING

The Annual Meeting of the company will be held on Wednesday, April 25 at 10.30 a.m. at Howell Litho and Cartons Limited, Mainway Avenue, Burlington. We hope as many shareholders as possible will be present.

It is with sincere appreciation, the Board of Directors, acknowledge the contribution of management and staff throughout the past year.

Respectfully submitted  
on behalf of the Board

*Moira Campbell*

President  
March 30, 1973





# DOVER IS IN THE CONSUMER CORNER

Dover Industries consumer brands are household names in many parts of Canada. The increasing range of products are found on store shelves, dairies, restaurants, caterers —almost everywhere that food is purchased or consumed.

In 1968 Dover Mills opened North America's most modern flour mill in the Maritime provinces. Today the company's household flour lines occupy a number two position in the market. The Dover brand is respected as high-quality flour for home baking.

Since 1909 Robinson Ice Cream cones have been popular with young and old alike across the country. Brands and varieties such as "Magic" Sugar Cones, Home Pack Cake Cones and Cups have been developed over the years to meet changing tastes.

In 1972 Dover acquired Cambro Industries Limited. The Cambro line of plastic drinking straws expanded Robinson's position in this market and familiar "Robinson", and "Carousel" straw cartons are seen in many outlets where soft drinks and milkshakes are served.

Cambro's "Sturdi" plastic knives, forks and spoons participate in Canada's expanding "out of home" feeding market. New plastic forming facilities have been added to Robinson Cone's Hamilton plant to meet the growing demand for these products.

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# Dover Industries Limited

(Incorporated under the laws of Canada)

## CONSOLIDATED BALANCE SHEET

December 31, 1972 (with comparative figures at December 31, 1971)

ASSETS	1972	1971
CURRENT:		
Accounts receivable.....	\$ 1,621,707	\$ 2,054,832
Inventories (note 1).....	5,009,766	4,135,252
Prepaid expenses.....	30,581	54,994
Total current assets.....	6,662,054	6,245,078
FIXED (note 2):		
Land, buildings and equipment at cost.....	8,707,111	8,354,865
Less accumulated depreciation.....	4,600,299	4,404,957
	4,106,812	3,949,908
OTHER:		
Mortgages receivable.....	10,000	95,000
Goodwill (excess of cost of investment in subsidiaries over equity in net tangible assets at date of acquisition).....	585,480	515,588
	\$11,364,346	\$10,805,574

See accompanying notes to financial statements.

On behalf of the Board:

*Mona Campbell* Director

*John R McPhee* Director



LIABILITIES		1972	1971
CURRENT:			
Bank indebtedness (note 3) .....		\$ 4,471,672	\$ 4,354,940
Accounts payable and accrued charges .....		722,420	397,253
Income and other taxes payable .....		131,369	174,485
Dividends payable .....		15,394	15,394
Long term debt instalments due within one year .....		159,310	136,657
Total current liabilities .....		5,500,165	5,078,729
LONG TERM DEBT (note 4) .....		1,517,209	1,619,321
DEFERRED INCOME TAXES .....		283,100	222,000
SHAREHOLDERS' EQUITY:			
Capital stock—			
Authorized:			
105,000 6% cumulative preferred shares of the par value of \$10 each			
redeemable at par			
200,000 common shares without par value			
Issued:			
102,626 preferred shares .....		1,026,260	1,026,260
142,820 common shares .....		71,750	71,750
		1,098,010	1,098,010
Retained earnings (statement 2) .....		2,965,862	2,787,514
		4,063,872	3,885,524
		\$11,364,346	\$10,805,574

#### AUDITORS' REPORT *To the Shareholders of Dover Industries Limited:*

We have examined the consolidated balance sheet of Dover Industries Limited and its subsidiaries as at December 31, 1972 and the consolidated statements of income and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. In our opinion these financial statements present fairly the financial position of the companies as at December 31, 1972 and the results

of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Hamilton, Canada,  
February 28, 1973.

**CLARKSON, GORDON & CO.**  
*Chartered Accountants.*



**Dover Industries Limited**

## CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

YEAR ENDED DECEMBER 31, 1972 *(with comparative figures for 1971)*

STATEMENT OF INCOME	1972	1971
Sales (note 5) .....	\$18,708,345	\$18,000,064
Operating costs and expenses (including depreciation of \$324,912 in 1972 and \$320,353 in 1971) .....	17,796,065	17,113,075
Income from operations .....	912,280	886,989
Interest:		
Long term debt .....	114,045	121,458
Bank indebtedness and other .....	133,755	134,931
	247,800	256,389
Income before taxes thereon .....	664,480	630,600
Income taxes .....	310,300	289,300
Net income for year .....	\$ 354,180	\$ 341,300
Earnings per common share .....	\$2.05	\$1.96
STATEMENT OF RETAINED EARNINGS		
Retained earnings at beginning of year .....	\$ 2,787,514	\$ 2,622,046
Net income for year .....	354,180	341,300
	3,141,694	2,963,346
Dividends declared—		
Preferred—60¢ per share .....	61,576	61,576
Common—80¢ per share .....	114,256	114,256
	175,832	175,832
Retained earnings at end of year .....	\$ 2,965,862	\$ 2,787,514

See accompanying notes to financial statements.



**Dover Industries Limited****CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS**YEAR ENDED DECEMBER 31, 1972 *(with comparative figures for 1971)*

	1972	1971
Source of funds:		
Operations—		
Net income for year . . . . .	\$ 354,180	\$ 341,300
Add:		
Loss on sale of fixed assets . . . . .		31,907
Depreciation . . . . .	324,912	320,353
Deferred income taxes (net) . . . . .	100,100	105,300
	779,192	798,860
Proceeds from sale of subsidiary's property in Hamilton less mortgage receivable .		76,575
Repayment of mortgage receivable . . . . .	85,000	1,500
Total source of funds . . . . .	864,192	876,935
Application of funds:		
Investment in non-current assets of subsidiary at date of acquisition 231,142		
Less long term debt . . . . .	50,700	180,442
New facilities and equipment (net) . . . . .	359,566	236,789
Dividends to shareholders . . . . .	175,832	175,832
Provision for repayment of long term debt . . . . .	152,812	136,657
Total application of funds . . . . .	868,652	549,278
Increase (decrease) in working capital . . . . .	(4,460)	327,657
Working capital at beginning of year . . . . .	1,166,349	838,692
Working capital at end of year . . . . .	\$ 1,161,889	\$ 1,166,349

See accompanying notes to financial statements.



# Dover Industries Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 1972

### (1) INVENTORIES

The inventories are valued at the lower of cost and net realizable value and consist of the following:

	1972	1971
Inventory of grains.....	\$3,163,247	\$2,488,282
Other raw materials.....	535,102	509,760
Work in process.....	185,574	187,118
Finished goods.....	1,125,843	950,092
	<u>\$5,009,766</u>	<u>\$4,135,252</u>

### (2) FIXED ASSETS

	1972		1971	
	Cost	Accumulated depreciation	Net book value	Net book value
Land....	\$ 120,132		\$ 120,132	\$ 115,545
Buildings	3,033,706	\$ 670,842	2,362,864	2,379,901
Equipment	5,553,273	3,929,457	1,623,816	1,454,462
	<u>\$8,707,111</u>	<u>\$4,600,299</u>	<u>\$4,106,812</u>	<u>\$3,949,908</u>

Depreciation has been provided on the straight-line method at rates based on estimated useful life.

### (3) BANK INDEBTEDNESS

The bank indebtedness is \$4,471,672 of which \$2,642,799 is secured by a pledge of inventories and an assignment of book debts.

### (4) LONG TERM DEBT

Long term debt consists of:

	1972	1971
10.2% first mortgage of a subsidiary company, principal repayable in monthly instalments of \$1,300 and maturing on August 23, 1976.....	\$ 57,200	
7% first mortgage repayable in monthly instalments of \$360 including principal and interest, due June 10, 1974	16,237	\$ 19,305
5% debentures of a subsidiary company due February 28, 1975 (requiring yearly sinking fund payments of \$36,000).....	108,000	144,000
7% first mortgage sinking fund bonds—Series A repayable in equal annual instalments to 1977 covering principal and interest and maturing on June 1, 1977.....	488,868	552,739
Series B repayable in equal annual instalments to 1987 covering principal and interest and maturing on June 1, 1987.....	1,006,214	1,039,934
	<u>1,495,082</u>	<u>1,592,673</u>
	1,676,519	1,755,978
Less principal repayments due within one year.....	<u>159,310</u>	<u>136,657</u>
	<u>\$1,517,209</u>	<u>\$1,619,321</u>

Sinking fund payment requirements on the 7% first mortgage bonds during the next five years are as follows:  
1973—\$104,422; 1974—\$111,732; 1975—\$119,553;  
1976—\$127,922; 1977—\$136,876.

The 7% first mortgage sinking fund bonds are further secured by the guarantee of a subsidiary and a floating charge on all of the subsidiary's assets.

### (5) GROSS REVENUE BY CLASS OF BUSINESS

Gross revenue includes the following classes of business of the companies:

	1972	1971
Food products.....	\$14,249,523	\$13,452,564
Packaging materials.....	4,458,822	4,547,500
	<u>\$18,708,345</u>	<u>\$18,000,064</u>

### (6) STATUTORY INFORMATION

As required by the provisions of the Canada Corporations Act, it is reported that expenses for 1972 include:

Aggregate remuneration of 13 directors as directors of Dover Industries Limited.....	\$ 5,100
Aggregate remuneration of six officers as officers of Dover Industries Limited (all of whom are directors) .	\$121,128



**Dover Industries Limited**  
FINANCIAL SUMMARY 1968 TO 1972

EARNINGS AND DIVIDENDS

	1972	1971	1970	1969	1968
Income before taxes . . . . .	\$ 664,480	\$ 630,600	\$ 359,764	\$ 555,143	\$ 536,854
Income tax provision . . . . .	\$ 310,300	289,300	187,000	297,800	296,000
Net income . . . . .	\$ 354,180	341,300	172,764	257,343	240,854
Net income per preferred share . . . . .	\$ 3.45	3.33	1.68	2.51	2.35
Net income per common share . . . . .	\$ 2.05	1.96	.78	1.37	1.26
Dividends per preferred share . . . . .	\$ .60	.60	.60	.60	.60
Dividends per common share . . . . .	\$ .80	.80	.80	.80	.80
Earnings retained in business . . . . .	\$ 178,348	165,468	(3,068)	81,511	65,022

FINANCIAL STATUS

	1972	1971	1970	1969	1968
Current assets . . . . .	\$6,662,054	\$6,245,078	\$5,683,943	\$5,185,816	\$5,572,620
Current liabilities . . . . .	\$5,500,165	5,078,729	4,845,251	3,890,386	4,571,781
Working capital . . . . .	\$1,161,889	1,166,349	838,692	1,295,430	1,000,839
Current ratio . . . . .	1.2 to 1	1.2 to 1	1.2 to 1	1.3 to 1	1.2 to 1
Plant and equipment (net) . . . . .	\$4,106,812	3,949,908	4,226,954	3,856,093	4,198,862
Stockholders' investment (capital and surplus) . . . . .	\$4,063,872	3,885,524	3,720,056	3,723,124	3,641,613
Common stock equity per share . . . . .	\$ 21.27	20.02	18.86	18.88	18.31
Shares of preferred stock outstanding . . . . .	102,626	102,626	102,626	102,626	102,626
Shares of common stock outstanding . . . . .	142,820	142,820	142,820	142,820	142,820



## Dover Industries Limited

Executive Offices: 145 MacNab St. North, Hamilton, Ontario

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### CONES, STRAWS & PLASTIC PRODUCTS

ROBINSON-CAMBRO

#### *Sales Offices and Warehouses:*

Hamilton, Ontario • Montreal, Quebec

#### *Warehouses and Sales Agents:*

St. John's, Newfoundland	Saskatoon, Saskatchewan
Halifax, Nova Scotia	Calgary, Alberta
Saint John, New Brunswick	Edmonton, Alberta
Quebec City, Quebec	Vancouver, British Columbia
North Bay, Ontario	Victoria, British Columbia
Fort William, Ontario	
Winnipeg, Manitoba	
Regina, Saskatchewan	

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### FLOUR & GRAIN • CHERRY TAYLOR FLOUR MILLS • TAYLOR GRAIN • DOVER MILLS

#### *Direct Sales:*

Coast to Coast—Canada

#### *Sales Agents:*

England	Antigua	Dominica
Scotland	Barbados	Guyana
Portugal	Grenada	St. Kitts
Bermuda	St. Lucia	Trinidad
Bahamas	Montserrat	Netherland Antilles
Jamaica	St. Vincent	

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### PAPER BOXES, LABELS & POSTERS

HOWELL LITHO & CARTONS

#### *Sales Offices:*

Burlington, Ontario • Montreal, Quebec

#### *Sales Agents*

St. John's, Newfoundland	Quebec City, Quebec
Halifax, Nova Scotia	Vancouver, British Columbia
Saint John, New Brunswick	Jobber distribution coast to coast.







